WEEKLY ECONOMIC REVIEW

March 9, 2007

Data released this week indicate that the U.S. and Canadian economies are likely to expand at a moderate pace as employment strengthens and exports increase.

Alberta employment increased by 6,200 in February. Our unemployment rate increased slightly to 3.5 per cent from January's 3.3 per cent, as the labour force increased by 11,000. Alberta's wage rate rose by 6.1 per cent in February from a year ago, down from 6.9 per cent growth in 2006.

Canada's employment edged up slightly by 14,000 in February. The unemployment rate fell by 0.1 percentage point to 6.1 per cent, its lowest level in 30 years.

U.S. non-farm payroll employment posted a gain of 97,000 in February, as growth in service employment offset a sharp decline in construction. As a result, the U.S. unemployment rate fell to 4.5 per cent.

Despite a 14 per cent decline in February, Alberta's housing starts remained relatively strong, advancing by 2.4 per cent in the first two months of 2007 over 2006's record pace.

The new house price index rose by 1.3 per cent in Alberta, following a small decrease in December. Although overall house prices in Edmonton are lower than Calgary's, (according to the Canadian Real Estate Association, average resale price in Calgary was $375,646, compared to $303,820 in Edmonton) increases in Edmonton are now outpacing Calgary. Since August 2006, house prices in Calgary have remained virtually unchanged but have increased by 8.6 per cent in Edmonton.

Cdn Dollar (C¢/US$)

Mar	2, 2007	85.4¢
Mar	9, 2007	85.1¢
2006-07 YTD		88.0¢

WTI Oil US$/bbl

Mar	8, 2007	$61.64
Mar	1, 2007	$62.00
2006-07 YTD		$65.38

Nymex Natural Gas C$/mcf *
April Contract

Mar	9, 2007	$8.50
Mar	2, 2007	$8.55

*Estimate based on Nymex Futures Market Price

The U.S. trade deficit narrowed to $59.1 billion on the strength of rising exports. Canada's trade surplus was at a 13-month high of $6.3 billion in January, as exports rose.

Oil and gas prices remained essentially unchanged this week as moderating weather offset declining U.S. inventories.

The European Central Bank increased the interest rate by 25 basis points to 3.75 per cent. This may put downward pressure on the U.S. dollar.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Employment (Thousands)	**February**			
Alberta	1,939	0.3%	5.5%	6.0%
Canada	16,744	0.1%	2.4%	2.4%
United States	137,410	0.1%	1.5%	1.6%
Housing Starts[2]	**February**			
Alberta	44,000	-14.1%	-12.0%	2.4%
Canada	196,200	-21.0%	-17.6%	-8.3%
New House Price Index (1997=100)	**January**			
Alberta	234.9	1.3%	36.5%	36.5%
Canada	157.8	0.4%	10.1%	10.1%
Building Permits ($Millions)	**January**			
Alberta	1,192	-7.2%	45.4%	45.4%
Canada	6,313	11.3%	36.2%	36.2%

Source: Statistics Canada
1Year-to-date 2007 compared to the same period in 2006.
2 Seasonally adjusted at annual rates